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The Community Technology Fund will be used for a variety of purposes, including telecommunications network infrastructure, communications services, customer equipment, training, technical assistance as well as consumer education and advocacy.

The fund also will support creation of a consumer-oriented "think tank" which can conduct research studies addressing the vital interests of underserved communities and the general public.

In addition, Pacific Bell will create a "Universal Service Taskforce" in which community leaders will recommend ways to increase telephone subscribership in underserved communities.

The company also pledged to increase its budget for corporate and foundation grants and gifts by \$1 million above its 1996 budget, for the first three years after the merger with SBC is completed, resulting in a total increase in funding of \$3 million. The increased funding will be earmarked for grants to groups supporting underserved communities.

Pacific Telesis is challenging other telecommunications companies to contribute to the Community Technology Fund by offering to contribute an additional \$3 million to the fund each year for nine years beginning three years after the merger is completed, provided that other California telecommunications providers commit to match or exceed those amounts.

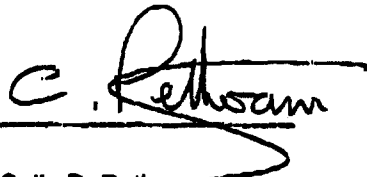
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The proposed merger between Pacific Telesis and SBC Communications, announced April 1, 1996, would create a combined company with more than 100,000 employees, revenues of over \$21 billion and income of nearly \$3 billion. The merger has been approved overwhelmingly by shareholders of both companies, and is expected to be completed in the first quarter of 1997. The CPUC has encouraged Pacific Telesis to work closely with other organizations which have an interest in the merger to address any questions or concerns they may have. This partnership is the result of that process.

Pacific Telesis is a diversified telecommunications corporation based in San Francisco.

CERTIFICATE OF SERVICE

I, Colin R. Petheram, hereby certify that copies of the foregoing "Comments of Pacific Telesis Group" were served by first class US mail, postage paid, upon the parties on the attached service list this 19th day of December, 1996.

A handwritten signature in black ink, appearing to read "C. Petheram", with a horizontal line drawn underneath it.

Colin R. Petheram

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